Asset Adjustment or Improvement

MUNIS

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1 Introduction

By following the instructions in this guide, you will be able to adjust (change) asset depreciation fields, adjust asset values, and determine whether a Fixed Asset General Journal Entry (FAN JE) is necessary to adjust the depreciation history related to the adjusted asset.

1.1   Summary

The MUNIS Fixed Assets Transaction Adjustment option provides the ability to change asset deprecation fields, including **Depreciate? (Y/N)** and **1st Year/Period**, and change asset values such as **Acquisition Cost**, **Current Book Value** and **LTD Accum Depr** (accumulated deprecation). The Adjustment transaction updates the new asset fields and automatically creates a Fixed Asset Maintenance Journal Entry (FAM JE) when users make changes to the **Current Book Value** field.

The FAM JE updates the General Ledger's balance sheet account of the asset's acquisition/historical cost (8X-62X1) for the changes made to the **Current Book Value** field.

This is not a problem when users change the **Acquisition Cost** and **LTD Accum Depr** and **Current Book Value** fields by the same amount. However, if users change the asset value fields by different amounts, then a Fixed Asset General Journal Entry (FAN JE) may be required to update the General Ledger's related depreciation accounts (8X-62X2 and 888XXXX-0740 or 0008X01-0740).

Material changes (increases or decreases) in asset value when depreciation history exists for the asset in MUNIS may also require a Fixed Asset General Journal Entry (FAN JE) to update the General Ledger's related depreciation accounts. This is because MUNIS does not recalculate the depreciation history that users have previously recorded. **A suggested alternative solution for material increases is to create a separate asset for the improvement and/or adjustment and allow MUNIS to depreciate the change separately from the original asset.**

It is critical to perform the following procedures to properly adjust the asset amount fields and determine if you need to update the General Ledger asset accounts to keep the Fixed Asset accounts in balance with the Fixed Asset records.

For a summary of the Adjustment process, see Appendix B, *Flowchart of Adjusting Fixed Assets in MUNIS*.

NOTE: Users should always post transactions to the current default year unless the adjustment is a result of a GASB 34 audit.
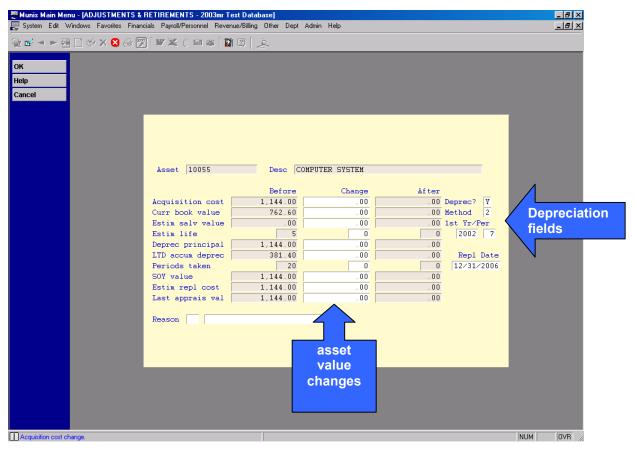
1.2 Adjusting an asset

1.2.1 Identifying the asset adjustment transaction

1.   Is the adjustment for a change in asset depreciation fields such as **Depreciate? (Y/N)** or **1st Year/Period**?

       a.   If the answer is **Yes**, refer to step **1.2.2 Process adjustment transaction**.

       b.   If the answer is **No**, continue to step **1.2.3 Identify Depreciation history**.

1.2.2 Processing the adjustment transaction

1.   From the MUNIS main menu, select **Financials**.

2.   Select (**H**) **Fixed Assets Menu**.

3.   Select (**B**) **Fixed Asset Processing Menu**.

4.   Select (**D**) **Adjustments/Retirements**.

5.   Find the asset—key **F** or click the **magnifying glass icon** to query the database.

6.   Key in the desired asset number.

7.   Click **OK**.

8.   Select **Transaction**.

9.   Select **Adjustment**.

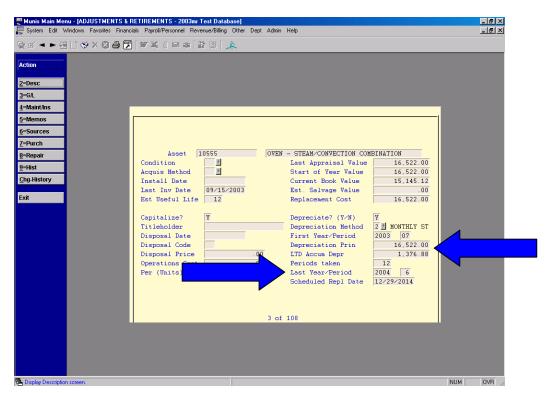10.   Key **U** or click the **Update icon** to update.

Screenshot 1: Adjustment transaction screen

a.   A prompt appears on the screen that reads, "Changes to Current Book Value are the only changes that will result in a journal entry for this transaction." Click **OK**.

b.   Change the asset depreciation field(s) as needed (see *Screenshot 1: Adjustment transaction screen*).

c.   Enter a **Reason code** or press **Ctrl-W** or **F9** for Help and select the Reason code desired.

d.   Click **OK**.

e.   A prompt appears on the screen that reads, "Are these adjustments correct?" Click **Yes** to agree.

f.   A prompt appears on the screen that reads, "Adjustment-Manual journal entries may be necessary to account for assets depreciation amounts." Click **OK**.

g.   Click **Exit**.

h.   **Your transaction is finished and no other action is required. You may disregard the rest of this document.**

1.2.3 Identifying the depreciation history

1.   From the MUNIS main menu, select **Financials**.

2.   Select (**H**) **Fixed Assets Menu**.

3.   Select (**B**) **Fixed Asset Processing Menu**.

4.   Select (**D**) **Adjustments/Retirements**.

5.   Find the asset—key **F** or click the **magnifying glass icon** to query the database.

6.   Key in the desired asset number.

7.   Click **OK**.

8.   Select **2nd-Screen**.

Screenshot 2: 2nd screen of asset record

9.   Are the **Last Year/Period** and **LTD Accum Depr** fields blank or equal to zero (refer to *Screenshot 2: 2nd screen of asset record* above)?

   a.   If the answer is **Yes**, continue to step **1.2.4 Updating the asset value fields.**

b.   If the answer is **No**, is the change in asset value material that it would affect the LTD Accum Depr (accumulated depreciation) for depreciation previously recorded for the asset?

          01   If the answer is **Yes**, continue to step **1.2.5 Calculate asset adjustment values**.

          NOTE: A suggested alternative solution for material increases is to create a separate asset for the improvement and/or adjustment and allow MUNIS to depreciate the change separately from the original asset.

          02   If the answer is **No**, continue to step **1.2.4 Updating the asset value fields**.

          NOTE: The system will allocate the change in the asset value over the remaining life of the asset.

1.2.4 Updating the asset value fields

When completing the following steps, refer back to *Screenshot 1: Adjustment transaction screen* for assistance.

1.   From the MUNIS main menu, select **Financials**.

2.   Select (**H**) **Fixed Assets Menu**.

3.   Select (**B**) **Fixed Asset Processing Menu**.

4.   Select (**D**) **Adjustments/Retirements**.

5.   Find the asset—key **F** or click the **magnifying glass icon** to query the database.

6.   Key in the desired asset number.

7.   Click **OK**.

8.   Select **Transaction**.

9.   Select **Adjustment**.

10.   Key **U** or click the **Update icon** to update.

11.   Enter the amount of asset value changes in the **Change** column (see *Screenshot 1: Adjustment transaction screen*) in the following fields. (When the amounts are entered, the **After** column reflects the new values of the transaction.):

      a.   Enter the **change in acquisition cost** in the **Acquisition Cost** field.

      b.   Is the change in the asset's value material and will it significantly affect the depreciation history?

          01   If you answered **No**, then enter the **change in acquisition cost** in the **Curr book value** field.

          02   If you answered **Yes**, then is the adjustment for a GASB 34 audit and the **Last Year/Period** is equal to CY?

(a) If you answered **No** to either one or both questions, then enter the amount in the **Curr book value** field as calculated in step **1.2.5-4a**.

(b) If you answered **Yes** to both questions, then enter the change as follows:

(i) For the first adjustment with the GASB 34 effective date, enter the change in the Current Book Value as of the CY-1 amount (as calculated in step **1.2.6-4.b.02)** in the **Curr book value** field.

(ii) For the second adjustment, enter the change in the CY depreciation expense (as calculated in step **1.2.6-3.c)** in the **Curr book value** field**.**

c.   A prompt appears on the screen that reads, "Changes to Current Book Value are the only changes that will result in a journal entry for this transaction." Click **OK**.

d.   Enter the **change in acquisition cost** in the **Depr principal** field.

e.   Is the change in the asset's value material and will it significantly affect the depreciation history? (Refer back to your answer in step **1.2.4-11b**.)

01   If you answered **No**, then enter 0 for **no change** in the **LTD Accum depre** field.

02   If you answered **Yes**, then is the adjustment for the GASB 34 audit and the **Last Year/Period** is equal to the CY?

(a) If you answered **Yes** to both questions, then enter the change as follows:

(i) For the first adjustment with the GASB 34 effective date, enter the **change in LTD Accum depre as of CY-1** amount (as calculated in step **1.2.6-4.b.02**) in the **LTD Accum depre** field.

(ii) For the second adjustment, enter the **change CY depreciation expense** amount (as calculated in step 1.2.6-**3c**) in the **LTD Accum depre** field.

(b) If you answered **No** to either one or both questions, enter the **change in LTD Accum depre** amount (as calculated in step 1.2.5-3.a) in the **LTD Accum depre** field.

f.   Enter the **change in the acquisition cost** or current book value at the start of the year in the **SOY value** field.

g.   Enter the **change in acquisition cost** in the **Estimated repl cost** field.

h.   Enter the **change in acquisition cost** in the **Last apprais val** field.

12.   Enter a **Reason code** or press **Ctrl-W** or **F9** for Help and select the desired Reason code.

13.   Click **OK**.

14. A prompt appears on the screen that reads, "Are these adjustments correct?" Click **Yes** to confirm.

15. A prompt appears on the screen that reads, "Adjustment-Manual journal entries may be necessary to account for assets depreciation amounts." Click **OK**.

16. Enter the **GL Effective Date and Year/Period** ONLY if it is different from the current default.

17. Click **OK** if the "Warning—the GL-Default Fiscal Period" message appears.

18. Choose **P** for print or **S** for spool.

19. Enter the desired printer or spool name.

20. Press **ESC;** press **ESC** again.

21. A prompt appears on the screen that reads, "No errors detected. Post changes to assets?" Click **Yes** to agree.

22. Click **Exit**.

23. Is the change in the asset's value material and will it significantly affect the depreciation history? (Refer back to your answer in step **1.2.4-11b**.)

   a. If you answered **No, this transaction is finished and no other action is required.** You may disregard the rest of this document.

   b. If you answered **Yes**, is the adjustment for a GASB 34 audit AND is the **Last Year/Period** field equal to the Current Operating Year in MUNIS (CY)?

      01 If the answer to both questions is **Yes**, then refer to step **1.3.1 Create a FA General Journal Entry**.

      02 If the answer to either question is **No**, then refer to step **1.2.6 Calculate change in depreciation expense**.

   NOTE: If the adjustment is for a GASB 34 audit and the Last Year/Period is equal to the CY, then two Adjustment transactions are required to properly update the Fixed asset records and General Ledger for the CY-1 and the CY.

1.2.5 Calculating the asset adjustment values

1. Calculate the change in asset acquisition cost.

2. Use the formula below to calculate the NEW accumulated deprecation (LTD Accum Depr) of the adjusted asset value as of **Last Year/Period** field:

   a. The NEW asset acquisition cost divided by the amount in the **Est Useful Life** field (from the 2nd screen of the asset) equals the NEW yearly amount of depreciation.

   b. The NEW yearly amount of depreciation (amount calculated in step **1.2.5-2.a**) divided by 12 equals the NEW monthly depreciation amount.
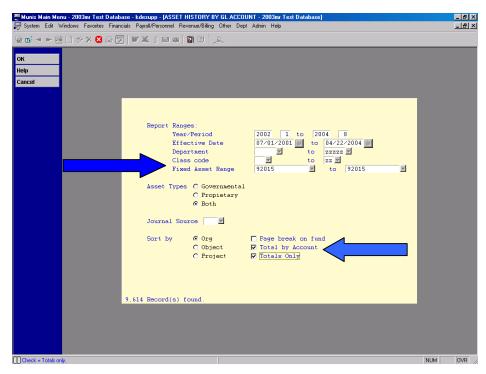
      c.   The NEW monthly depreciation amount (calculated in step **1.2.5-2.b**) multiplied by the number in the **Periods taken** field (from the 2nd screen of the asset) equals the NEW accumulated depreciation based on the **Last Year/Period** field (this is the same as the total depreciation expense).

3.   Use the formula below to calculate the change in the accumulated depreciation (LTD Accum Depr) of the adjusted asset as of Last Year/Period:

      a.   The amount calculated in **1.2.5-2.c** (above) minus the **LTD Accum Depr** on the 2nd screen of asset equals the **Change in LTD Accum Depr** based on the **Last Year/Period** fields.

4.   Use the formula below to calculate the change in the **Current Book Value** (**CBV**) of the adjusted asset:

      a.   The change in acquisition cost (calculated in **1.2.5-1**) minus the change in the LTD Accum Depr (calculated in **1.2.5-3**) equals the **change in CBV** based on the **Last Year/Period** fields.

      b.   Is the adjustment for a GASB 34 audit?

            01   If the answer is **No**, continue to step **1.2.4 Updating the asset value fields**.

            02   If the answer is **Yes**, is the **Last Year/Period** equal to the CY?

               (a) If the answer is **No**, continue to step **1.2.4 Updating the asset value fields.**

               (b) If the answer is **Yes**, continue to step **1.2.6 Calculate change in depreciation expense**.

            NOTE: To properly update the fixed asset records and the General Ledger as of the GASB 34 audit effective date, you must identify the depreciation expense for the CY to use it in the calculation of the asset adjustment amounts as of CY-1.

1.2.6 Calculating the change in depreciation expense

1.   Identify the depreciation expense history by following the steps below.

      a.   From the MUNIS main menu, select **Financials**.

      b.   Select (**H**) **Fixed Assets Menu**.

      c.   Select (**B**) **Fixed Asset Processing Menu**.

      d.   Select (**C**) **Inquiries and Reports Menu**.

      e.   Select (**K**) **Asset History by GL Account**.

Screenshot 3: Asset History List by GL Account.

f.   Key **S** or select **Seg-Find**.

g.   Tab through the screen and key 0740 (depreciation expense) in the **Object** field.

h.   Press **OK**.

i.   Key **D** or select **Define**.

j.   Enter XXXX 01 and XXXX 13 in the **Year/Period** range fields where XXXX is the "LAST YEAR" in the **Last Year/Period** field (see *Screenshot 2: 2nd screen of asset record*).

   01   XXXX is equal to the CY-1 if you are calculating the change in depreciation expense for the first FAN JE for a GASB 34 audit because the **Last Year/Period** field is equal to the CY.

k.   Enter 07012000 and MMDDYY in the **Effective Date** fields, where MMDDYY is equal to the current transaction date.

l.   Enter the asset number **in the Fixed Asset Range** fields.

m.   Select **Both** in the **Asset Types** field.

n.   Select **Totals by Account** field.

o.   Select **Totals Only** field.

p.   Select **Process**.

q.   Select the **Printer** icon.

r.   Key **P** for print or **S** for spool.

s.   Enter the name of the printer or spool file.

t.   Press **ESC**; press **ESC** again.

2.   Use the formula below to calculate the pre-adjusted depreciation expense recorded in the General Ledger for the year the Asset History by GL account report was processed in step 1.2.6-1 above as follows:

a.   The total amount of the Debit column less the total amount of the Credit column of the report is equal to the pre-adjusted depreciation expense for the year.

3.   Use the formula below to calculate the change in depreciation expense for the year:

a.   The number of months of depreciation taken for the processing year can be determined from the "period" of the Last Year/Period field (see *Screenshot 2: 2nd screen of asset record*).

b.   The number of months of depreciation for the year (amount calculated in step **1.2.6-3a** above) multiplied by the NEW monthly depreciation amount (amount calculated in step **1.2.5-2.b**) is equal to the NEW depreciation expense for the year.

c.   The **change in depreciation expense** (as calculated in step **1.2.5-3b**.) is equal to the NEW depreciation expense (amount calculated in step **1.2.6-3b**) minus the pre-adjusted depreciation expense (amount calculated in **1.2.6-2.a** above).

4.   Is the adjustment for the GASB 34 audit AND the **Last Year/Period** field equal to CY?

a.   If the answer to either question is **No**, then continue to step **1.3.1 Create a FA General Journal Entry.**

b.   If the answer to both questions is **Yes**, then has the first adjustment been processed as of the GASB34 effective date?

01   If **Yes**, then continue to step **1.2.4 Updating the asset value fields** to adjust asset as of CY as identified in the **Last Year/Period** field.

02   If **No**, calculate the change in LTD Accum Depr as of the CY-1 to process the adjustment transaction for GASB 34 audit by following these steps:

- Calculate the **pre-adjusted LTD Accum Depr as of the CY-1**:

$$Asset\ LTD\ Accum\ Depr - CY\ expense = PA\ LTD\ Accum\ Depr$$

Figure 1

Where:

Asset LTD Accum Depr=Asset LTD Accum Depr from 2nd screen

CY expense=CY expense calculated in step **1.2.6-2a.**

PA LTD Accum Depr=pre-adjusted original LTD Accum Depr as of the CY–1

- Calculate the **pre-adjusted Curr Book Value as of the CY-1**:

$$Acq\ Cost - PA\ LTD\ Accum\ Depr \equiv PA\ CBV$$

Figure 2

Where:

Acq Cost= original acquisition cost or original depreciation principal from 2nd screen

PA LTD Accum Depr=pre-adjusted original LTD Accum Depr as of the CY–1 (figure 1 calculation)

PA CBV=pre-adjusted **Curr book value** as of the CY-1.

- Calculate the **NEW LTD Accum Depr as of the CY-1**:

$$NLTD\ Accum\ Depr\ LP - New\ Depr\ LY = New\ LTD\ Accum\ Depr$$

Figure 3

Where:

NLTD Accum Depr LP=New LTD Accum Depr as of Last Year/Period (calculated in **step 1.2.5-2.c**)

New Depr LY=New depreciation for the year (calculated in step **1.2.5-3b**)

New LTD Accum Depr=the new LTD Accum Depr as of the CY-1

- Calculate the **Change in LTD Accum Depr as of the CY-1**:

$$New\,LTD\,Accum\,Depr - PA\;LTD\,Accum\,Depr = Change\;in\;LTD\,Accum\,Depr$$

Figure 4

Where:

New LTD Accum Depr=New LTD Accum Depr as of the CY-1 (figure 3 calculation)

PA LTD Accum Depr=pre-adjusted original LTD Accum Depr as of the CY-1 (figure 1 calculation)

Change in LTD Accum Depr=Change in LTD Accum Depr as of the CY-1

- Calculate the **NEW Current Book Value (CBV) as of the CY-1**:

$$New\,Asset\,Value - New\,LTD\,Accum\,Depr = New\;CBV$$

Figure 5

Where:

New Asset Value=the new asset value

New LTD Accum Depr=the New LTD Accum Depr as of the CY-1 (figure 3 calculation)

New CBV=New Current Book Value (CBV) as of the CY-1

- Calculate the **Change in Current Book Value (CBV) as of the CY-1**:

$$PA\,CBV - New\,CBV = Change\;in\;CBV$$

Figure 6

Where:

PA CBV=pre-adjusted **Curr book value** as of the CY-1 (figure 2 calculation)

New CBV=New Current Book Value (CBV) as of the CY-1 (figure 5 calculation)

Change in CBV=change in Current Book Value (CBV) as of the CY-1

c.   Continue to step **1.2.4 Updating the asset value fields** to adjust the asset as of the GASB 34 effective date.

1.3   Adjusting the Depreciation History in the General Ledger

Perform the following steps ONLY if you need a FAN JE to reflect a change in the General Ledger for the related depreciation amounts, (if the increase/decrease is significant to depreciation already processed). Otherwise, the adjustment is finished when the necessary steps in section 1.2 are completed.

1.3.1 Creating a Fixed Asset General Journal Entry (FAN JE)

This step accounts for the asset's depreciation amounts that need adjustment.

1.   From the MUNIS main menu, select **Financials**.

2.   Select (**H**) **Fixed Assets Menu**.

3.   Select (**B**) **Fixed Asset Processing Menu**.

4.   Select (**J**) **FA General Journal Entry**.

5.   Key **A** or select **Add**.

6.   Enter the appropriate information in the following fields:

   a.   **Effective Date**

   b.   **Fiscal Year= CY** (*see **NOTE** below*)

   c.   **Period**

   d.   **Journal Reference**

   e.   **Short Description** (the asset number is suggested)

   NOTE: Users should always post transactions to the current default year unless the adjustment is a result of a GASB 34 audit adjustment of the prior year's asset ending balance. If the adjustment is a result of a GASB 34 audit adjustment and the Last Year/Period is equal to the CY, you should create two FA General Journal Entries to update the General Ledger for amounts through the CY-1 and the CY.

7.   Tab through the other fields (keying information as needed) to reach the next screen.

8.   Enter the Journal Entry Detail for each line item as identified in Appendix A. Tab to begin entering each journal entry line item. Continue to tab through the lines until the Journal Entry is complete.

   a.   Enter the asset's org/object in the **Org and Object** fields.

   b.   Enter the **Asset Number** in the **Description** field.

   c.   Enter a **Valid Reason Code** (help is available) in the **Journal Ref** field.

   d.   Enter **D** for debit or **C** for credit in the **D/C** field.

e.   Enter the journal entry amount in the **Amount** field.

Screenshot 4: Journal Entry screen

f.   Continue to enter all line items of the journal entry required.

g.   After entering all line items, click **OK** and key **B** to browse and review the journal entry.

9.   Click **Exit**; click **Exit** again.

1.3.2 Printing the Journal Entry

1.   Click **Output-Post**.

2.   Select **1-Current Journal only**.

3.   Choose **P** for print or **S** for spool.

4.   Select the printer or spool name desired.

5.   Press **ESC**; press **ESC** again.

1.3.3 Reviewing the output of the Journal Entry

1.   A prompt appears on the screen that reads, "No errors detected. Post Journal? (Y/N)."

   a.   Choose **No** if entry errors exist.

      01   Select **Lines**.

      02   Enter the line number containing an error.

      03   Choose **Update** in the Journal Entry line detail.

      04   Repeat steps 1.3.3-1a.01 to 1.3.3-1a.03 until all errors are corrected.

   b.   Choose **Yes** if the Journal Entry is correct.

NOTE: If the adjustment is for a GASB 34 audit and the Last Year/Period is equal to the CY, then two Adjustment transactions are required to properly update the Fixed asset records and General Ledger for the CY-1 and the CY.

1.3.4 Posting the last year adjustments

You will perform this step **only** if the journal entry is a result of an ongoing GASB 34 audit and the effective date of the Fixed Asset General journal entry is equal to CY-1. **Otherwise, the transaction is finished and no other action is required**.

1.   From the MUNIS main menu, select **Financials**.

2.   Select (**A**) **General Ledger**.

3.   Select (**D**) **End of Period Menu**.

4.   Select (**I**) **Fiscal Year End Processing**.

5.   Select (**G**) **Post Last Year Adjustments**.

6.   Click **Define**.

7.   Click **Output**.

8.   Is the FAN JE from step **1.3.4-7** (above) for a GASB 34 audit **and** is the Last Year/Period equal to the CY?

   a.   If the answer to both questions is **Yes**, then refer to step **1.2.4** Updating the asset value field to process adjustment transaction for the current year.

   b.   If the answer to either question is **No**, then **your transaction is finished and no other action is required.**

2 Appendix A

Fixed Asset General Journal Entries (FAN JE) are required if the asset adjustments (increases/decreases) significantly change the depreciation history in MUNIS. If depreciation history exists for the asset, then a FAN JE is NOT required. Refer to Appendix C for xxx details.

2.1   If the Adjustment effective date is equal to the CY

Use the following journal entry:

8X-62X1   Change (increase=DR or decrease=CR) in **LTD Accum Depr**

8X-62X2   Change (increase=CR or decrease=DR) in **LTD Accum Depr**

**888XXXX-0740 or 0008X01-0740   Change (increase=DR or decrease=CR) in the CY depreciation

** 8X-871X   Change (increase=CR or decrease=DR) in the CY depreciation

The Journal Entry amounts are as follows:

- The **change in the LTD Accum Depr** is equal to the amount calculated in step 1.2.5-**3.a.**

- The **change in the CY depreciation** is equal to the amount calculated in step 1.2.6-**3.c.****

** Only applicable if the asset's Last Year/Period field is equal to the CY.

2.2   If the Adjustment effective date is equal to the (CY-1) and the asset's Last Year/Period Field ≤ CY-1

Use the following journal entry:

8X-62X1   Change (increase=DR or decrease=CR) in **LTD Accum Depr**

8X-62X2   Change (increase=CR or decrease=DR) in **LTD Accum Depr**

** 888XXXX-0740 or 0008X01-0740   Change (increase=DR or decrease=CR) in CY-1 depreciation

** 8X-871X   Change (increase=CR or decrease=DR) in CY-1 depreciation

The Journal Entry amounts are as follows:

- The **change in the LTD Accum Depr** is equal to the amount calculated in step 1.2.5-**3.a.**.

- The **change in CY-1 depreciation** is equal to the amount calculated in step **1.2.6-3.c.**. **

** Only applicable if the asset's Last Year/Period field is equal to the CY-1

2.3   If the adjustment effective date is equal to the (CY-1) and the asset's Last Year/Period is equal to the CY

Two FAN JEs are required to properly update the fixed asset records and the General Ledger. One journal entry reflects the GASB 34 audit, and the other journal entry reflects the CY.

Use the following for the first journal entry, effective CY-1:

8X-62X1   Change (increase=DR or decrease=CR) in **LTD Accum Depr as of CY-1**

8X-62X2   Change (increase=CR or decrease=DR) in **LTD Accum Depr as of CY-1**

888XXXX-0740 or 0008X01-0740   Change (increase=DR or decrease=CR) in the CY-1 depreciation

8X-871X   Change (increase=CR or decrease=DR) in the CY-1 depreciation

The Journal Entry amounts are as follows:

- The **change in LTD Accum Depr** as of CY-1 is equal the amount calculated in step 1.2.6-4.b.02 figure 4.

- The **change in the CY-1 depreciation** is equal to the amount calculated in step **1.2.6-1.j.(01)** for the amount of **CY-1 depreciation Expense**.

Use the following for the 2nd journal entry, effective CY:

8X-62X1   Change (increase=DR or decrease=CR) in CY depreciation

8X-62X2   Change (increase=CR or decrease=DR) in CY depreciation

888XXXX-0740 or 0008X01-0740   Change (increase=DR or decrease=CR) in the CY depreciation

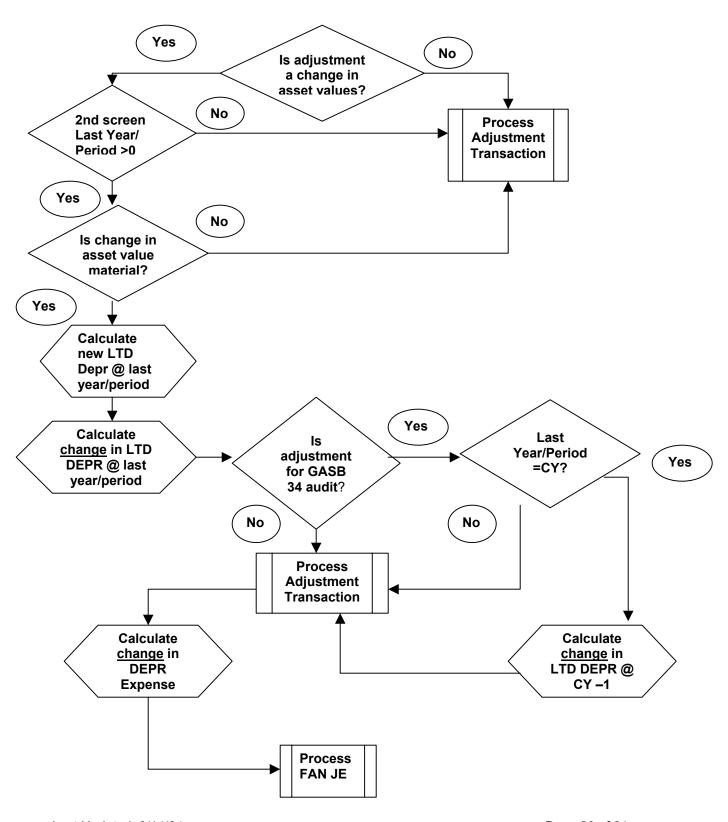8X-871X   Change (increase=CR or decrease=DR) in the CY depreciation

The Journal Entry amounts are as follows:

- The change in the CY depreciation is equal to the amount calculated in step 1.2.6-3.c.

3 Appendix B

Yes

Is adjustment a change in asset values?

No

2nd screen Last Year/ Period >0

No

Process Adjustment Transaction

Yes

Is change in asset value material?

No

Yes

Calculate new LTD Depr @ last year/period

Calculate change in LTD DEPR @ last year/period

Is adjustment for GASB 34 audit?

Yes

Last Year/Period =CY?

Yes

No

No

Process Adjustment Transaction

No

Calculate change in DEPR Expense

Calculate change in LTD DEPR @ CY –1

Process FAN JE

4 Appendix C

MUNIS requires four General Ledger accounts on each asset for transaction processing. Each asset must have the following:

- Two asset accounts (Acct type=B and balance sheet type=A) to track the asset value:
  - Historical cost (always ends with a 1 such as 6221)
  - Accumulated depreciation (always ends with a 2 such as 6222)
- Fund (balance sheet type=U)
- Depreciation expense (Acct type=E) should match asset department code.

KDE's fixed asset accounts are assigned based on the Asset type (**Governmental** and **Proprietary**), class, sub-class, and department code, as indicated in the following grid.

CLASS/ SUB-CLASS	ACCT TYPE	BAL TYPE	ORG **	OBJ	CHARACTER DESCRIPTION	
10-110	B	A	80/8X	6201	Land	
10-110	B	A	80/8X	6202	Accumulated Depreciation - Land	
10-120	B	A	80/8X	6211	Land Improvements	
10-120	B	A	80/8X	6212	Accumulated Depreciation - Land Improvements	
20	B	A	80/8X	6221	Buildings and Building Improvements	
20	B	A	80/8X	6222	Accumulated Depreciation - Buildings	
30	B	A	80/8X	6231	Technology Equipment (KETS)	
30	B	A	80/8X	6232	Accumulated Depreciation - Technology	
40	B	A	80/8X	6241	Vehicles	
40	B	A	80/8X	6242	Accumulated Depreciation - Vehicles	
50	B	A	80/8X	6251	Machinery and Equipment	
50	B	A	80/8X	6252	Accumulated Depreciation - Machinery & Equipment	
60	B	A	80/8X	6261	Construction Work In Progress (OPTIONAL)	
60	B	A	80/8X	6262	Accumulated Depreciation - CWIP (OPTIONAL)	
10-130	B	A	80/8X	6271	Infrastructure	
10-130	B	A	80/8X	6272	Accumulated Depreciation - Infrastructure	
	B	U	80/8X	8710	Investment in Governmental Assets	
	B	U	80/8X	8711	Investment in Business Type Assets	
XXXX	E		888XXXX/0008X01	740	Depreciation Expense	
	R		880/8X0	1930	Gain/Loss on Sale of Assets	

** X corresponds to the Proprietary Fund of 81, 82 or 84 & XXXX corresponds to the Governmental Fixed Asset Department Code/Function

Balance Sheet Org Codes for Fixed Assets:
Asset type = org codes per account types:

- 80 = Governmental balances sheet
- 8X = Proprietary balance sheet where X is the second digit in the fund. E.G., fund 81 =81

Expense Org Codes
Department = depreciation expense org codes:

- 888XXXX = Governmental where XXXX= department code of asset.
- 0008X01= Proprietary where X is the second digit in the fund. E.g., fund 81=0008101s.

Object Codes for Fixed Assets:

- 62X1 and 62X2 =Class *(except for land types)* where third digit is first digit of class code. E.g. class code=20 matches 6221 and 6222.
- 871X=Fund where X is 8710 is Governmental and 8711 is Proprietary
- 0740= depreciation expense